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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

All media led with what is characterized as significant progress in indirect talks between Israel and Hizbullah over an exchange involving the two abducted reservists that ignited the Second Lebanon War. The deal is expected to involve the release of six Lebanese held in Israel, including the convicted terrorist Samir Kuntar, and the corpses of 10 Hizbullah fighters. Hizbullah

Secretary General Hassan Nasrallah said yesterday in a prerecorded address to the Lebanese public that "very soon Samir Kuntar and his brothers will be among us." Diplomatic sources in Beirut reported significant progress in the German mediated talks yesterday and that Israel has made a "final offer" that includes the release of Kuntar, Nasim Nisr, and four Hizbullah fighters that were imprisoned during the 2006 war in Lebanon. Nisr is a Lebanese Jew who immigrated to Israel and was convicted in a plea bargain of spying for Hizbullah. The offer does not include the release of Palestinian prisoners, a long standing demand by Hizbullah which had caused Israel to publicly threaten an end to negotiations. Ha'aretz wrote that the relatively low Israeli offer suggests that officials do not believe that the two abducted soldiers are alive, even though they have not yet been officially declared dead. The media reported that official Jerusalem has not responded to the reports, but Ha'aretz cited Israeli sources close to the negotiations as saying yesterday that progress had been achieved. However, a senior security source told Ha'aretz last night that "we must not be impressed by Nasrallah's declarations. He has said similar things in the past."

All media reported that Morris Talansky began his early deposition in the Olmert bribery case to the Jerusalem District Court this morning. The defense has said it would like Talansky to return to Israel at a later date, probably in July, for his cross-examination. Ha'aretz wrote that the most important bit of evidence prosecutors would like to obtain from Talansky is whether he received something in return for the cash transfers, which are suspected to have been large and numerous. Electronic media reported that Talansky told the court that he met PM Ehud Olmert 10 times between 2002 and 2005, while Olmert was industry, trade and labor minister, and on each occasion, gave him envelopes of cash. Talansky stressed, however, that he did not do it for personal gain. Talansky said that when he asked Olmert why he wanted the money in cash, he replied that this was the customary method in Israel.

Media quoted Defense Minister Ehud Barak as saying at Sunday's cabinet meeting that peace the Jewish state is not one of the top four items on Syrian President Bashar Assad's to-do list, but that it is still something that Israel should pursue. Over the weekend the media noted that the bond between PM Olmert and Transportation Minister Shaul Mofaz is appearing to be solidifying. However, in an Israel Radio interview, Mofaz strongly criticized a deal over the Golan. All media quoted Knesset Member Arie Elad (National Union-National Religious Party) as saying yesterday at a Golan solidarity rally at the Knesset that whoever gives up parts of the country should be sentenced to death." Elad cited the penal code of 1977, which state that it is treasonous to intentionally act to relinquish territory and hand it over to the sovereignty of another nation. The media reported that even right-wing parliamentarians, who noted the similarity to utterances made before the assassination of Yitzhak Rabin, condemned Elad's remarks. Leading media quoted PM Olmert as saying yesterday at a Knesset's Foreign Affairs and Defense Committee meeting that only people suffering from delusions still believe it is possible to hold on to the greater Land of Israel, territories Israel captured in the 1967 Six-Day War. While denying that the Golan has already been promised to Syria, Olmert said that it is clear what Syria wants to get as part of any peace deal. The Jerusalem Post reported that yesterday a multiparty bill designed to make it harder for the government to cede the Golan to Syria received an initial promise of 61 signatures even before it was filed by MK Eliahu Gabbay (National Union - National Religious Party).

Ha'aretz quoted a senior Israeli security source as saying that the PA's security forces are becoming increasingly successful in their operations in the West Bank. The source was quoted as saying that their performance has so improved that, contrary to the fears of many senior Israeli officials, an Israeli pullout from the West Bank would not automatically result in Hamas being able to take over the area shortly thereafter. But according to the same source, one area in which the PA security forces have not been sufficiently effective is in combating what he termed the "terrorist infrastructure" in the West Bank. Ha'aretz also reported that Israel and the PA are considering looking into incitement in Palestinian textbooks.

All media reported that Shin Bet head Yuval Diskin told the cabinet on Sunday that it is "only a matter of time" before Ashdod and Kiryat Gat are within Hamas's rocket range.

Major media cited the British daily The Times quoting former U.S. President Jimmy Carter as saying in England on Sunday that Israel holds at least 150 nuclear weapons, the first time a U.S. president has publicly acknowledged Israel's atomic arsenal. Media reported that Carter also condemned Israel's blockade of Gaza as "one of the greatest human rights crimes now existing on Earth." Carter said in reference to the situation of Palestinians in Gaza that "there is no reason to treat these people this way."

All media reported that Shas is threatening to quit the government if the cabinet does not increase child allowances. Some media said that Shas will make good on its warning if PM Olmert moves forward on diplomatic fronts such as agreeing to pull out from the Golan.

The Jerusalem Post quoted defense officials as saying yesterday that the IDF is drawing up plans to move the Gaza crossings away from Israel's border.

All media reported that a 55-year-old Iranian born Israeli was indicted on Sunday on charges of spying for Tehran.

The Jerusalem Post quoted defense officials as saying yesterday that the chances of reaching a cease-fire with Hamas in Gaza have significantly dropped, due to seemingly irreconcilable differences. The Jerusalem Post also quoted diplomatic officials as saying that Israel continues to let Egypt exhaust its efforts, partly because it understands the importance Cairo has placed on the issue and Jerusalem's interest in showing the Egyptians that Israel is not responsible for the failure of a cease-fire.

Ha'aretz quoted the Director General of the Defense Ministry as saying yesterday that the Iron Dome system, designed to protect Israeli civilians from Qassam rockets, will be ready for testing within a month. Defense officials were quoted as saying that there was a recent breakthrough in the Iron Dome's interception system, and that the upgraded system might be operational by 2010. The defense system is meant to block 95 percent of Qassam rockets and mortar shells fired at Sderot and Ashkelon. The Jerusalem Post quoted defense officials as saying on Monday that Rafael Advanced Defense Systems has received special rabbinic permission to work on Shabbat.

Ha'aretz and Israel Radio cited a report released yesterday by the International Atomic Energy Agency that Tehran's nuclear plans -- including uranium enrichment -- are a "matter of serious concern" and require "substantial explanations" from Iranian officials."

The Jerusalem Post reported that U.S. Senator Ted Kennedy's recent diagnosis of brain cancer could signal the loss of one of Israel's most powerful and high-ranking U.S. allies.

Yediot reported that the UN will open its "Durban II" conference in Geneva in April 2009. Yediot said that fearing that Arab countries would again join with African states and turn the meet into a defamation show against Israel, Western states had objected to the convention taking place in an African country.

The media reported that on Saturday night, MK and former deputy defense minister Ephraim Sneh quit the Labor Party and announced his decision to establish a new political framework -- "Yisrael Hazaka" (A Strong Israel). The media noted Sneh's awkward relations with Ehud Barak.

Leading media reported that Likud and Labor will cooperate in the local elections, which are slated to take place in November. The move is meant to stem the advance of Arkady Gaidamak's party, Social Justice, and Kadima.

Ha'aretz and The Jerusalem Post reported that the American mathematician David Mumford, co-winner of the 2008 Wolf Foundation Prize in Mathematics -- an award presented in Israel annually -- announced upon receiving the award on Sunday that he will donate the money to Bir Zeit University, near Ramallah, and to Gisha, an Israeli organization that advocates for Palestinian freedom of movement.

Leading media reported that Israel has recently refused to admit

into the country American Jewish political scientist and strident anti-Israel activist Prof. Norman Finkelstein. Ha'aretz condemned this incident in its editorial today.

Leading media reported that as of Sunday night, the Israeli shekel can be exchanged on the world market.

All media reported that Israel's entry at the 61st Cannes Festival, "Waltz with Bashir," an animated documentary about the first Lebanon War, did not win any prizes but "has been sold to the whole world," in the words of the movie's producer. Over the weekend all media reported on the death of noted journalist and art critic Adam Baruch.

Major media reported on the success of NASA's Martian mission.

Mideast:

Summary:

Military correspondent Amos Harel and Palestinian affairs correspondent Avi Issacharoff wrote on page one of the independent, left-leaning Ha'aretz: "The cease-fire that appeared relatively near at the Sharm al-Sheikh conference last week is now a little further away."

Meretz-Yahad Party Chairman Yossi Beilin wrote in the popular, pluralist Maariv: "I am convinced that just as 70 percent of the public opposed the evacuation from Sinai before the Camp David accords and 70 percent supported the accords after they were made public, the same will happen regarding the Golan Heights."

Senior Middle East affairs analyst Zvi Bar'el wrote in Ha'aretz: "Because of [Olmert or Assad's] difficulties they talk of peace or at least of negotiations to achieve peace. It is best to take them seriously to force them to adhere to their own spin and make them play it out. They can. These are leaders who no longer have anything to lose."

Arab affairs correspondent Jacky Hoogie wrote in Maariv: "Damascus never promised Iran that it would refrain from resuming the peace process, and in any case it violated no such commitment."

The conservative, independent Jerusalem Post editorialized: "Israel can -- indeed must -- harness Russia's ambition to increase its clout in the Middle East to Israel's own strategic interests."

Block Quotes:

I. "Truce Looks Farther Away"

Military correspondent Amos Harel and Palestinian affairs correspondent Avi Issacharoff wrote on page one of the independent, left-leaning Ha'aretz (5/26): "The attempted attack on the Erez [Crossing], in parallel with the continuous rocket attacks on communities bordering the Gaza Strip, may serve as grounds for the IDF to intensify its operations against Hamas even as Egypt is trying to mediate a truce. Those supporting such escalation argue that without it, Israel will enter the tahdiya [truce] from a position of weakness, which will only encourage provocations by militant Palestinian groups. Thus the cease-fire that appeared relatively near at the Sharm al-Sheikh conference last week is now a little further away. There are also other reasons for this, of which one is the vast distance between the parties' positions regarding the release of kidnapped soldier Gilad Shalit. For the time being, Hamas is rejecting Israel's demand that significant progress be achieved in the talks on Shalit as part of the cease-fire negotiations. Moreover, Hamas is demanding an immediate lifting of the blockade on the Strip, which Israel would like to see lifted only gradually, conditional on progress in the Shalit deal and on compliance with the truce. But senior Hamas officials say that Shalit is not the obstacle to the tahdiya, since Israel has not made his release a condition of the deal. It is also impossible to ignore the implications for the cease-fire talks of the political

instability in Israel that has been sparked by the investigation against Prime Minister Ehud Olmert.."

II. "It Is Already a Done Deal"

Meretz-Yahad Party Chairman Yossi Beilin wrote in the popular, pluralist Maariv (5/25): "The best-kept secret is the fact that there is no real need for negotiations, but rather for opening the [January 2000] Shepherdstown file and political courage. I am convinced that just as 70 percent of the public opposed the evacuation from Sinai before the Camp David accords and 70 percent supported the accords after they were made public, the same will happen regarding the Golan Heights. Things will turn upside-down the moment an agreement is signed with Syria. The significance of an agreement to carry out the Arab initiative and normalization between all the Arab countries and Israel is dramatic for Hizbullah and Hamas, which will not be able to keep receiving the current Syrian assistance, and for the relationship between Syria and Iran. The moment that the public realizes that such an agreement will put an end to Israel's feelings of being under curfew and that Israelis will be able to take their cars and drive northward via Syria and Turkey into the heart of Europe, they will realize that this means regional change, not merely giving up a beautiful place in exchange for a piece of paper. We could have signed the treaty with the Syrians years ago. The price of missing out on it was withdrawing from Lebanon without a treaty, with all that implies. The picture of the Middle East could have been completely different if Barak had not made a mistake. I hope that today, Barak will be among those who push for such an agreement, and that we will not waste time unnecessarily, and that we will reach the signing stage quickly. There is no need for more than two weeks to finish things up."

III. "Peace of No Choice"

Senior Middle East affairs analyst Zvi Bar'el wrote in Ha'aretz (5/25): "If it is 'accepted' that the sides are talking because of their difficult circumstances, and not because of their wisdom, then it is precisely these circumstances that can lead the processes to fruition. The spin, on the basis of this hopeful thought, has a life of its own. According to the spin theory, each of the leaders is holding on to the peace process to extricate himself from his difficult circumstances. Olmert aspires to become untouchable, Assad wants to be the new Arab hero, and Erdogan needs to prove to secular Turks that he can provide Turkey with a regional stature that no one before him has achieved. Their difficulties may prove to be the mother of all inventions, and under the right circumstances can also offer various strategic results.... Olmert or Assad, weak leaders who sit in the swamps they have made for themselves, do not need to raise doubts about their ability to make peace.... Because of their difficulties they talk of peace or at least of negotiations to achieve peace. It is best to take them seriously to force them to adhere to their own spin and make them play it out. They can. These are leaders who no longer have anything to lose."

IV. "The Iranian Mine"

Arab affairs correspondent Jacky Hoogie wrote in Maariv (5/25): "The report that the Iranian President is furious with the Syrian regime for having dared to begin talks with Jerusalem is doubtful, and it is likely that it was inflated by interested parties. Damascus never promised Iran that it would refrain from resuming the peace process, and in any case it violated no such commitment. The Iranians know that Assad has the right and even the obligation to return the Golan Heights to his possession, even at the price of peace with the Zionist state. Moreover, the Iranian President is not an important authority in matters of foreign relations and defense. The Iranian upper echelons contain policymakers of higher rank than he... Nevertheless, the report reflects Iranian fears -- not rebukes -- that the process that has now begun will go well, leaving them in splendid isolation, without a single friend in the Arab world. For Iran, Syria serves as a moral partner who provides legitimacy, as well as a comrade in arms. Its departure from this alliance will harm Hizbullah and weaken the Iranian effort to keep the coals burning in Gaza. Meanwhile, the side that is planting the Iranian mine is actually Syria. In a choice between Washington and Tehran, the Syrian President knows deep inside that Washington is

preferable. But Assad fears being plucked from both sides. If he sells Iran out to the Israelis and then the negotiations stall, he will be revealed in all his wretchedness as one who granted concessions for nothing. In addition, Damascus regards the Israeli demand that Syria sever its connection with Iran aschutzpah. The Syrians have said that these relations are an independent choice. No one has the right to ask that they be severed, just as no one would dare to demand that Israel give up its relationship with its friend in the West. Israel will find it difficult to receive such a commitment from Damascus, certainly not publicly. If it insists, it could find that the doors of negotiations have closed once again. This story also contains a history lesson. In March 2000, when the failure of the latest round of talks was announced, Iran was not such a threatening stumbling block. Israel, which will find itself spitting blood once more at the Iranian wedge in the negotiations, should know that this is the price of the lost years."

IV. "The Bear Is Back"

The conservative, independent Jerusalem Post editorialized (5/25): "As recent reports make clear, Russia is now forcing its way back into the Middle East -- and not necessarily in the most encouraging manner. By dangerously increasing its arms sales to the region, Moscow is seeking to restore prestige, bolster influence and -- not least -- to make money.... Israel must put far greater pressure on Moscow to stop the sale of weapons that threaten Israel's security requirements.... Such diplomacy must especially stress Moscow's fears of losing ground to Iran.... There are hopeful signs that Israeli diplomacy can turn Russia's pragmatic fears to healthier ends.... In these and other ways, Israel can -- indeed must -- harness Russia's ambition to increase its clout in the Middle East to Israel's own strategic interests."

JONES